

Assessing Medicare's benefits

ISSUE: Although Medicare has succeeded in ensuring access to care and financial protection from the cost of serious illness, the structure of Medicare's benefits and cost-sharing is uneven across services, creating incentives that could dissuade beneficiaries and practitioners from choosing the most clinically effective care options. More important, beneficiaries and taxpayers face rising financial demands resulting from greater longevity, improvements in medical capabilities, and rising costs for medical services. Because Medicare's benefit design is not comprehensive, beneficiaries' rely on assorted combinations of supplemental insurance coverage (retirement benefits or individual supplemental policies), benefits from other federal and state programs (Medicaid, VA, and state drug assistance programs, for example), and out-of-pocket spending in addition to Medicare. Beneficiaries' out-of-pocket costs, particularly for services not covered by Medicare and supplemental insurance, have been increasing, which for some population groups may result in reduced access to care or impoverishment. These trends suggest the need to reevaluate Medicare's benefit design.

KEY POINTS: Chapter 1 provides an overview of the issues and central messages of the June report. It reviews Medicare's benefit design and addresses two basic questions:

- Do Medicare's benefits ensure access and provide financial protection?
- Do Medicare's benefits promote efficient care delivery?

The chapter provides a roadmap for exploring Medicare benefits in the context of changes in the beneficiary population, in health care technology and the organization of health care, and in the ways that beneficiaries supplement Medicare. Using this framework, the report will discuss options policymakers might consider to address long-standing and emerging problems with Medicare's benefit design.

ACTION: Your discussion will determine what we need to do to complete drafting the June report. Does the chapter set up the discussion in the rest of the report clearly and logically? Does the chapter reflect what you want to say about Medicare benefits?

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